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Report of the Economic and Social Council

Launching of global negotiations on international economic cooperation for development

Macroeconomic policy questions

Environment and sustainable development

Measures to eliminate international terrorism

Letter dated 5 June 1998 from the Permanent Representatives of Egypt and Jamaica to the United Nations addressed to the Secretary-General

We have the honour to transmit herewith the joint communiqué of the Group of 15, adopted on the occasion of the eighth summit of the Heads of State and Government of the Group of 15 held in Cairo from 11 to 13 May 1998.

On behalf of the Group of 15, we would highly appreciate it if you would arrange for the present letter and its annex to be circulated as a document of the fifty-second session of the General Assembly, under agenda items 12, 56, 95, 98 and 152.

(*Signed*) Nabil **Elaraby**
Ambassador
Permanent Representative
Mission of Egypt

(*Signed*) Patricia **Durrant**
Ambassador
Permanent Representative
Mission of Jamaica

98-17871 (E) 290698

Annex

Eighth Summit of the Heads of State and Government of the Group of Fifteen

Cairo, 11-13 May 1998

Joint communiqué

1. We, the Heads of State and Government of the Group of Fifteen, met in Cairo, Egypt, on 11-13 May 1998, for our Eighth Summit, to jointly review the international economic situation, in particular the developments in financial markets, and to analyse their impact on the process of development in developing countries and the world economy at large.

2. We are witnessing positive economic performance by a number of countries. However, economic growth for many others has been modest and we continue to witness uneven distribution of benefits amongst and within countries. Some developing countries are encountering adverse effects as a result of the current trend in world trade. Moreover, the recent developments in East and Southeast Asia give rise to serious concern. While the full implications of the financial crisis in East and Southeast Asia on the world economy remain uncertain, there is a growing realization that greater attention needs to be focused on better managing the trend towards a more globally interdependent financial market.

3. At our Seventh Summit in Kuala Lumpur, Malaysia, in 1997, we called for an appropriate global response to deal with both the financial crisis in East and Southeast Asia and the strengthening of regional and international cooperation in managing such crises in the future. Several steps and actions have been taken since then. We look forward to continued broad-ranging deliberations, consultations and evaluation in a number of fora in the coming months on the causes, the implications, the responses and the lessons to be learned from this crisis. This is an ongoing process that should be actively pursued by the international community, taking into account the development needs of developing countries in the short and the long run.

4. The financial crisis in East and Southeast Asia is not an isolated or an unprecedented phenomenon. Financial crises have been occurring with greater frequency in both developed and developing countries with severe impact on growth, employment and development.

5. Actions taken by both the private sector and governments contributed to triggering the crisis. Inadequate supervision of lenders has been equally responsible for excessive risk taking. Consequently, the burden of the crisis should be appropriately and equitably shared between private lenders, borrowers and governments. Furthermore, we call upon international financial institutions to increase their role in providing specialized assistance and strengthening cooperation among their members with a view to promoting international financial stability

6. The global implications of the financial crisis in East and Southeast Asia depend not only on how the crisis is managed in the countries concerned, but also on the policy responses of the relevant international financial institutions and the major developed countries to enhance stability in the international financial system and to preserve adequate growth in world markets.

7. We note that countries affected by the crisis, including some members of the G-15, have taken significant measures to strengthen prudential regulation and supervision of their domestic financial institutions, as well as corporate governance and macroeconomic fundamentals. To fully restore market confidence and capital flows and resume growth, it is essential that these measures be supported by a greater availability of financial resources from the international monetary and development finance institutions and donor countries. In this regard, we welcome the creation by the International Monetary Fund of the new Supplemental Reserve Facility. We stress, however, that financial assistance should not be accompanied by unnecessary additional conditionality.

8. We note with serious concern the social stress that the financial turbulence and economic turmoil are presently inflicting on the affected countries. Macroeconomic measures designed to restore market confidence will not yield the intended results if they lead to social strife. Social safety nets need to be strengthened as integral elements of stabilization and adjustment programmes to protect the most vulnerable segments of the population and to preserve the gains attained in poverty alleviation over many decades.

9. Notwithstanding the role of immediate measures to address the crisis, we believe that there is an urgent need to review the existing international financial arrangements and to ensure their adequacy in the face of the rapidly evolving financial markets. We therefore support the call made by the G-24 to strengthen and coordinate the work of institutions for financial market surveillance and supervision, and to pursue discussions and studies in respect of international arrangements for the supervision and regulation of financial markets and institutions. There is also a need for greater dialogue between the developed and developing countries on a systematic basis to address the challenges posed by the rapidly integrating financial markets and expanding international capital flows.

10. We also considered the precautionary and regulatory measures that some developing countries have taken to manage the flow of foreign capital into their economies. We realize the need for continued consultation and cooperation among developing countries in exchanging experiences on dealing with the implications of the financial crisis and avoiding future ones. We are confident that the East and Southeast Asian countries facing this crisis will overcome their difficulties and will be strengthened by the experience gained in the process.

11. It is imperative that in facing the current crisis, the attention of the international community is not diverted from pressing problems facing developing countries and least developed countries (LDCs) in particular, the majority of which are in Africa. In light of the proposals under consideration, especially the importance of capital flows, both private and official, for the development of developing countries, we underscore the necessity to redouble efforts to implement the commitments to provide concessional flows and to treat flexibly the external debt of the heavily indebted poor countries. Increasing official development

assistance (ODA), which is now at its lowest level in the last three decades, would contribute to reducing poverty and income disparities that could lead to social tension.

12. We believe that eventually the financial crisis will be overcome by East and Southeast Asia, and that the prolonged and repeated pressures against their currencies and the social cost involved including massive unemployment, necessitate immediate action to be taken to curb the destabilizing effect of currency speculation. The G-15 urges the developed countries acting in concert with developing countries, as well as the International Monetary Fund, the World Bank and the United Nations to accelerate the review of the world financial system, with the objective of ensuring that short-term capital flows are supportive of expanding trade, employment and development.

13. The G-15 Ministers of Trade and Economics met in Cairo on 8 May 1998. They addressed issues related to the World Trade Organization (WTO) and its Second Ministerial Conference, the impact of developments in international financial markets on trade and development and the follow-up to the previous meeting of the G-15 Ministers of Trade and Economics in Kuala Lumpur, and in particular to facilitate and enhance trade and investment cooperation among themselves. The Ministers had a useful exchange of views with the Director-General of the WTO, and the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) which contributed to a better understanding of issues under consideration. The Ministers highlighted the concerns and expectations of developing countries and agreed to continue their consultations and cooperation with a view to promoting their shared interests in the liberalization agenda in the multilateral trading system.

14. The Fiftieth Anniversary of the establishment of the multilateral trading system (MTS) provides a timely occasion for an evaluation of the achievements and shortcomings, as well as the challenges and opportunities facing the system. We recognize the crucial role that was played by GATT and its successor, the WTO, in encouraging open trade régimes and dismantling tariff and non-tariff barriers in the trade in goods and services. We reaffirm the primacy of a transparent, fair and equitable rule-based multilateral trading system under the WTO, including the development of regional trade agreements. In this respect, we welcome results achieved by developing countries in establishing various regional agreements consistent with the MTS.

15. However, the MTS still faces important challenges. These include the effective integration and participation of all developing countries, including LDCs, in such a way as to maximize the development dividend and potential benefits to be gained from the system; providing meaningful access to markets for products of export interest to developing countries, especially those facing significant tariff and non-tariff barriers in areas such as agricultural and processed agricultural products, textiles and clothing, leather products, tropical products, etc.; and ensuring the equitable distribution of the benefits of the MTS. We reiterate our belief that unilateral measures with extraterritorial effects are incompatible with the MTS. We urge developed countries to resist calls for protectionism and reiterate our rejection of the use of trade measures or instruments, including anti-dumping and countervailing duty provisions, and standards and regulations for protectionist purposes, or to promote or enforce non-trading objectives, principles or disciplines, including those related to labour standards and the environment.

16. The full and effective implementation of the Uruguay Round Agreements (URAs) should be a priority of the WTO. Particular attention should be given to the implementation of special and differential provisions in various WTO agreements in favour of developing countries, as well as the implementation of the Decision on Measures in Favour of Least Developed Countries and the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food Importing Developing Countries. Developing countries should continuously review the implementation of the commitments of developed countries in the URAs, particularly in areas of export interest to developing countries, and address any shortcomings that they face.

17. We reaffirm our commitment to the achievement of universality in the MTS as soon as possible. The rapid accession of developing countries seeking to become WTO members, through a transparent process, will contribute to this goal. To this end, the terms of accession of these countries should be in accordance with WTO rules.

18. The future work of the WTO should be another priority. We have to ensure that the interests of developing countries are fully taken into account in the built-in agenda of the URAs and in any future WTO negotiations. It is imperative that developing countries assume an active role in shaping the future of international economic relations. Our active participation in the WTO is key to the preservation and furtherance of our interests in the MTS. It is of great importance in this context for developing countries to identify their interests and develop a proactive 'Positive Agenda' to promote these interests. We welcome with appreciation the offer by India to host an intergovernmental meeting in the second half of 1998 to identify ways and means of operationalizing special and differential treatment for developing countries in the WTO.

19. We believe that trade is an essential element in the economic recovery of East and Southeast Asia. To this end, maintaining liberal and open world markets should be encouraged. We also welcome the initiative launched by the G-8 to make short-term trade financing available to affected economies. However, this financing should neither be tied to unnecessary additional conditionality, nor should it open the door to disguised export subsidies.

20. We reiterate the principles contained in Agenda 21 and in the Convention on Biodiversity on the conservation of biodiversity and the protection of biogenetic resources. In particular, we call upon our developed country partners to take appropriate measures for the fair and equitable sharing of benefits from the use of genetic resources and to develop measures to implement the rights of countries of origin or countries providing genetic resources.

21. We commend the role of UNCTAD in ensuring that the development perspective is fully addressed in the areas of finance and trade.

22. We reaffirm our commitment to South-South Cooperation and will enhance our support for and participation in G-15 projects. We are committed to strengthening G-15 economic and trade cooperation focusing on realistic and feasible objectives. This will be achieved through, inter alia, improving existing activities, information and experience exchange mechanisms, as well as intra-G-15 trade and investment promotion activities.

23. We reiterate our call for the private sector in the G-15 to strengthen their networking relations in order to expand trade and investment within the G-15. In this regard, we welcome the decision by the G-15 Chambers of Commerce to establish the G-15 Federation of Chambers of Commerce and Industry and the signing of an agreement in this respect in Cairo on 7 May 1998. We welcome the convening of the First Seminar on Standards and Quality organized by India and value the action plan it adopted, including the establishment of a G-15 Forum for Consultation and Cooperation on Standards, Quality and Metrology. We also welcome the offer by India to provide the secretariat for this Forum.

24. We reiterate our belief that there is a clear need for a constructive and positive North-South dialogue. Consultations between developed and developing countries, including between the G-15 and the G-8, on specific and concrete issues are necessary if we are to effectively deal with the challenges of globalization and maximize the opportunities that it can provide. Such a dialogue can start at the level of our Personal Representatives and high officials from the G-8 in preparation for a meeting at the level of Ministers of Foreign Affairs which may lead to a Summit level meeting in due course. We hope that this objective that was conveyed by the President of Egypt to the Prime Minister of the United Kingdom can be pursued by the Prime Minister of Jamaica, the next Chairman of the G-15.

25. We discussed the threat posed by terrorism to peace and stability at national and international levels. Terrorist acts undermine political integrity, destroy social fabric and disrupt democratic institutions. They also undermine economic growth and development. We therefore strongly condemn all kinds of terrorism, their perpetrators and all those who support them under whatever guise. We call for enhanced international cooperation to prevent and combat this menace.

26. As we commemorate the Fiftieth Anniversary of the Universal Declaration of Human Rights, it is imperative to embrace a balanced approach in addressing all human rights including the right to development as recognized in the Vienna Declaration. A joint effort is required by the international community for the realization of the right to development in a practical manner taking into account its great significance in an era where our peoples are faced with the twin challenges of globalization and liberalization.

27. We agreed to accept the formal request of Sri Lanka to become a member of the Group of Fifteen and to invite Sri Lanka to the IX Summit in Jamaica. Concerning membership, we will be guided by the conclusions and recommendations set forth in the paper entitled "Group of Fifteen's past experiences and possible future directions in the 21st century - conclusions and recommendations" adopted at the VII Summit.

28. We express our deepest appreciation to Egypt for its able and effective leadership of our Group over the duration of its Chairmanship. We thank the people and Government of Egypt for their warm hospitality and the excellent organization that they have provided for the successful holding of the Eighth Summit of the Group of Fifteen.

29. We welcome with appreciation the generous offers of the Government of Jamaica to host the Ninth Summit of the Group of Fifteen in February 1999 and the Government of Egypt to host the Tenth Summit in the year 2000.